

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 FEA-01 AID-05 CEQ-01 CIAE-00 ERDA-05

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TO AMEMBASSY OTTAWA PRIORITY

INFO AMCONSUL TORONTO PRIORITY

AMCONSUL HALIFAX BY POUCH

C O N F I D E N T I A L STATE 294094

E.O. 11652: N/A

TAGS: SENV, CA

SUBJECT: EASTPORT REFINERY

REF: STATE 281202, 11/16/76

1. CANADIAN MINISTER MCKINNEY ACCOMPANIED BY RALPH GORDON CALLED ON VINE EVENING OF DECEMBER 1 TO DISCUSS GOC POSITION ON EASTPORT REFINERY. ROUSE WAS ALSO PRESENT.

2. MCKINNEY SAID GOC HAD REVIEWED PRESENTATION MADE BY PITTSTON TO MINISTRY OF TRANSPORT SEVERAL WEEKS AGO AS WELL AS OTHER DOCUMENTATION CONCERNING EASTPORT REFINERY, AND WERE RESPONDING TO PITTSTON. PITTSTON HAD BEEN INFORMED THAT LETTER WOULD BE DELIVERED TO ITS NEW YORK OFFICE MORNING OF DECEMBER 2. MCKINNEY HAD BEEN INSTRUCTED TO GIVE DEPARTMENT A COPY OF THIS LETTER.
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3. TEXT OF LETTER, SET OUT BELOW, RECONFIRMS CANADIAN POSITION THAT TRANSPORT OF LARGE QUANTITIES OF POLLUTANTS THROUGH HEAD HARBOR PASSAGE IS ENVIRONMENTALLY UNACCEPTABLE AND THEREFORE CANADA WILL NOT PROVIDE APPROVAL REQUIRED BY

MAINE ENVIRONMENT BOARD FOR COMPLETION OF PITTSTON APPLICATION. MCKINNEY SAID GOC CONCLUSION BASED ON REVIEW OF DATA

PROVIDED BY PITTSTON AS WELL AS ENVIRONMENTAL IMPACT STATEMENT AND OTHER DOCUMENTATION SURROUNDING EASTPORT REFINERY PROPOSAL. HE ALSO SAID GOC HAD CONDUCTED DETAILED NAVIGATIONAL AND ENVIRONMENTAL STUDIES. THESE STUDIES WILL BE MADE PUBLIC BEFORE DECEMBER 13 WHEN SUBMISSIONS IN EPA'S REVIEW PROCEEDINGS ON ITS DRAFT EIS WILL BE CLOSED.

4. MCKINNEY ASKED THAT THE DEPARTMENT MAKE THE GOC LETTER A PART OF THE RECORD AT THE EIS HEARINGS AT EASTPORT ON DECEMBER 3. HE SAID GOC ALSO HOPED WE WOULD SEND COPY OF THE LETTER TO THE MAINE ENVIRONMENTAL BOARD AS THE LETTER COMMENTS ON ITS RULING. IN RESPONSE TO A QUESTION, MCKINNEY SAID CANADA WOULD HAVE NO OBJECTION TO MENTION BEING MADE BY DEPARTMENT OFFICERS OF THE GOC STUDIES SOON TO BE RELEASED ON WHICH ITS DECISION HAD BEEN BASED.

5. VINE SAID DEPARTMENT OFFICER ATTENDING EIS HEARINGS WOULD PLACE CANADIAN LETTER INTO THE RECORD AS REQUESTED. HE NOTED USG MIGHT ITSELF WISH TO MAKE A STATEMENT AT THOSE HEARINGS. VINE COMMENTED THAT PROCEDURE BEING FOLLOWED BY GOC APPEARED TO MEET MANY OF THE CONCERNS PREVIOUSLY EXPRESSED BY US SIDE AS TO PROPER HANDLING OF THIS ISSUE (REFTEL), BUT HE WANTED GOC TO CLEARLY UNDERSTAND US FULLY RESERVED ITS POSITION ON SUBSTANCE OF CANADIAN ACTION.

6. ROUSE ASKED WHETHER, IF PITTSTON WISHED TO SUBMIT ADDITIONAL DATA ON TRANSIT OF HYDROCARBONS, GOC WOULD BE PREPARED TO CONSIDER THIS MATERIAL. MCKINNEY SAID GOC, OF COURSE, WOULD REVIEW ANY ADDITIONAL INFORMATION SUBMITTED BY PITTSTON, BUT COMPANY SHOULD BE AWARE GOC CONFIDENTIAL

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HAD ARRIVED AT ITS POSITION ONLY AFTER THOROUGH REVIEW AND COMPANY SHOULD NOT EXPECT GOC CONCLUSIONS LIKELY TO BE REVERSED.

7. IN INTRODUCING GOC LETTER INTO THE RECORD OF EIS REVIEW HEARINGS ON DECEMBER 3, DEPARTMENT OFFICER (JONIEZ) WILL MAKE STATEMENT SET OUT BELOW. THRUST OF DEPARTMENT'S POSITION AT THIS STAGE IS THAT BEFORE REACTING TO CANADIAN ACTION DEPARTMENT WISHES TO REVIEW CANADIAN ENVIRONMENTAL AND NAVIGATIONAL STUDIES. EMBASSY SHOULD FOLLOW SAME LINE.

8. ON MORNING DECEMBER 2 PITTSTON VICE PRESIDENT KAULAKIS AND ATTORNEY HILL TELEPHONED ROUSE. AS THEY HAD NOT YET

RECEIVED GOC LETTER, ROUSE READ THEM TEXT AND FILLED THEM IN ON MCKINNEY MEETING, NOTING WE HAD AGREED TO CANADIAN REQUEST TO INTRODUCE LETTER AT EIS HEARING. PITTSTON ASKED IN THIS EVENT THAT DEPARTMENT MAKE STATEMENT AT HEARING UNDERLINING US RIGHTS IN THIS INTERNATIONAL STRAIT. ROUSE INFORMED PITTSTON OF FORTHCOMING CANADIAN STUDIES AND SAID DEPARTMENT COULD NOT TAKE POSITION ON CANADIAN ACTION UNTIL IT HAD REVIEWED STUDIES. HE NOTED THAT GOC HAD AT OUR REQUEST EXPRESSED WILLINGNESS TO CONSIDER ANY ADDITIONAL INFORMATION PITTSTON MIGHT WISH TO PROVIDE RE TANKER TRANSIT BUT HAD CAUTIONED THAT ITS POSITION WAS RESULT OF CAREFUL STUDY AND NOT LIKELY TO BE REVERSED. PITTSTON SAID THEY WOULD WISH TO CONSULT WITH DEPARTMENT FOLLOWING EIS HEARING ON USG POSITION AND ACTION COMPANY MIGHT WISH TO TAKE. ROUSE SAID WE WOULD WELCOME SUCH A MEETING.

9. FOLLOWING IS TEXT OF LETTER TO PITTSTON FROM UNDER SECRETARY ROBINSON OF EXTAFF DATED DECEMBER 1. BEGIN TEXT--

THE CANADIAN GOVERNMENT HAS FOR SOME YEARS OBSERVED WITH CONCERN YOUR COMPANY'S PLANS TO USE HEAD HARBOUR PASSAGE AS A MEANS OF ACCESS FOR LARGE TANKERS TO A PROPOSED OIL REFINERY AT EASTPORT, MAINE. AS YOU ARE AWARE, CANADIAN OFFICIALS HAVE MET WITH OFFICERS OF YOUR COMPANY ON A NUMBER OF OCCASIONS AND REVIEWED THE PROPOSAL.

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YOU WILL RECALL BEING INFORMED BY LETTER OF MARCH 30, 1973, FROM THE DEPARTMENT OF TRANSPORT THAT THE PHYSICAL SITE AT EASTPORT WOULD NOT, IF IN CANADA, MEET THE STANDARDS USED TO EVALUATE THE SAFETY OF PROPOSED CANADIAN OIL TERMINALS AND THEIR APPROACHES. IT HAS ALSO LONG BEEN CLEAR THAT ANY SIGNIFICANT OIL SPILL OR LEAKAGE IN THE PASSAGE OR THE HARBOUR AT EASTPORT WOULD SEVERELY AFFECT VALUABLE CANADIAN RESOURCES, INCLUDING FISHERIES AND FISH STORAGE FACILITIES, NOT ONLY IN THE IMMEDIATE AREA BUT IN THE BAY OF FUNDY AS A WHOLE. THE CANADIAN GOVERNMENT ACCORDINGLY MADE CLEAR TO U.S. AUTHORITIES AND THE PUBLIC AS EARLY AS JUNE 7, 1973, THAT THE RISKS INHERENT IN THE TRANSPORT OF A LARGE VOLUME OF POLLUTANTS THROUGH HEAD HARBOUR PASSAGE WOULD BE UNACCEPTABLE, AND THAT THE GOVERNMENT WAS THEREFORE OPPOSED TO SUCH TRANSPORT IN THESE DIFFICULT WATERS. THIS POSITION HAS BEEN REITERATED ON A NUMBER OF OCCASIONS IN PUBLIC STATEMENTS AND COMMUNICATIONS WITH U.S. AUTHORITIES, AND HAS THE FULL SUPPORT OF THE GOVERNMENT OF NEW BRUNSWICK.

YOUR COMPANY HAS APPARENTLY CHOSEN, HOWEVER, TO PROCEED WITH PREPARATIONS FOR THE PROJECT, AND WE UNDERSTAND THAT THE U.S. ENVIRONMENTAL PROTECTION AGENCY WILL SHORTLY BE

CONDUCTING HEARINGS ON A DRAFT ENVIRONMENTAL IMPACT STATEMENT ON THE EASTPORT PROPOSAL. IN LIGHT OF THESE DEVELOPMENTS AND THE DIRECT INFORMATION PROVIDED BY YOU TO DEPARTMENT OF TRANSPORT OFFICIALS, WE HAVE CONDUCTED A THOROUGH AND CAREFUL REVIEW OF THE DOCUMENTATION ON THE EASTPORT PROPOSAL, INCLUDING THE ENVIRONMENTAL REPORT PREPARED BY YOUR COMPANY. AFTER CONSULTATION ON THIS MATTER, HOWEVER, WITH THE DEPARTMENTS OF TRANSPORT AND OF FISHERIES AND ENVIRONMENT, I MUST TELL YOU THAT WE SEE NO NEW EVIDENCE WHICH WOULD LEAD US TO REVISE OUR LONG-STANDING POSITION.

IN JUNE, 1975, WE NOTED WITH INTEREST THE DECISION OF THE MAINE BOARD OF ENVIRONMENTAL PROTECTION TO APPROVE THE CONSTRUCTION AND OPERATION OF THE REFINERY AND ASSOCIATED TRANSPORT SYSTEMS, SUBJECT INTER ALIA TO THE RESTRICTION THAT "PITTSTON SHALL EXECUTE APPROPRIATE AGREEMENTS OR OTHERWISE SECURE APPROVAL OR PERMITS FROM APPROPRIATE CONFIDENTIAL

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CANADIAN AUTHORITIES...REGARDING TRANSIT THROUGH AND PILOTAGE IN CANADIAN MATTERS (SIC)". IN VIEW OF THE WELL-ESTABLISHED CANADIAN POSITION, IT WILL NOT BE POSSIBLE FOR THE CANADIAN GOVERNMENT TO ENTER INTO SUCH AGREEMENTS, EXTEND SUCH APPROVAL, OR GRANT SUCH PERMITS. REGULATIONS TO GIVE EFFECT TO OUR POSITION WILL BE ISSUED, SHOULD THIS PROVE NECESSARY.

THIS BEING SAID, I WOULD LIKE TO MAKE IT CLEAR THAT WE ARE SYMPATHETIC TO THE ENERGY SUPPLY PROBLEMS OF THE NEW ENGLAND AREA AND ARE IN REGULAR CONTACT WITH THE UNITED STATES GOVERNMENT ON MATTERS OF MUTUAL CONCERN IN THE ENERGY FIELD. OUR OPPOSITION IS ONLY TO CERTAIN ASPECTS OF YOUR PROJECT AS CURRENTLY ENVISAGED, AND RELATES PRIMARILY TO THE PROPOSED TRANSPORT OF LARGE VOLUMES OF POLLUTANTS THROUGH HEAD HARBOUR PASSAGE.

THE TEXT OF THIS LETTER IS BEING SENT TO THE DEPARTMENT OF STATE, AND WILL BE MADE PUBLIC SHORTLY. -- END TEXT.

10. FOLLOWING IS TEXT OF DEPARTMENT STATEMENT TO BE MADE AT DECEMBER 3 EIS HEARING. BEGIN TEXT --

THE DEPARTMENT OF STATE HAS BEEN GIVEN BY THE CANADIAN EMBASSY IN WASHINGTON A COPY OF THE LETTER FROM THE DEPARTMENT OF EXTERNAL AFFAIRS OF CANADA TO THE PITTSTON COMPANY REGARDING THE PROPOSED REFINERY AT EASTPORT. THE CANADIAN GOVERNMENT ASKED THAT THE DEPARTMENT HAVE THIS LETTER INCLUDED IN THE RECORD OF THESE PROCEEDINGS. ACCORDINGLY, I WOULD LIKE TO INSERT A COPY OF THE LETTER INTO THE RECORD.

THE CANADIAN POSITION COMMUNICATED TO THE PITTSTON COMPANY IS THAT THE TRANSPORT OF LARGE QUANTITIES OF POLLUTANTS THROUGH HEAD HARBOUR PASSAGE IS ENVIRONMENTALLY UNACCEPTABLE, AND THEREFORE THE GOVERNMENT OF CANADA CANNOT APPROVE TRANSIT OF HYDROCARBONS THROUGH THE AFFECTED CANADIAN WATERS AS ENVISAGED IN THE REFINERY PROPOSAL. THE LETTER INDICATES THAT THE GOVERNMENT OF CANADA HAS RECONFIRMED THIS POSITION FOLLOWING THOROUGH REVIEW OF
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THE DOCUMENTATION ON THE EASTPORT PROPOSAL.

THE DEPARTMENT OF STATE HAS BEEN INFORMED BY THE GOVERNMENT OF CANADA THAT THIS CONCLUSION IS BASED ON DETAILED NAVIGATIONAL AND ENVIRONMENTAL STUDIES. WE UNDERSTAND THESE STUDIES ARE TO BE MADE PUBLIC IN THE IMMEDIATE FUTURE.

AS THE DEPARTMENT HAS PREVIOUSLY STATED THE UNITED STATES GOVERNMENT CONSIDERS THAT VESSELS PROCEEDING TO OR DEPARTING FROM UNITED STATES PORTS THROUGH THE WATERS OF HEAD HARBOUR PASSAGE ENJOY THE RIGHT OF INNOCENT PASSAGE UNDER INTERNATIONAL LAW. THIS RIGHT IS NOT SUBJECT TO UNREASONABLE OR ARBITRARY INTERFERENCE OR SUSPENSION. BEFORE REACHING A POSITION ON THE CANADIAN ACTION, THE DEPARTMENT OF STATE WILL WISH TO REVIEW THE CANADIAN STUDIES CAREFULLY. -- END TEXT. ROBINSON

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<< END OF DOCUMENT >>

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